

EXHIBIT B



March 20, 2012

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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Zurich North America
Specialty Claims

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Re: *Deskovic v. City of Peekskill, et al.*, No. 07-CV-8150
(KMK)(GAY)
McGarr v. City of Peekskill, et al., No. 07-CV-9488 (KMK)(GAY)
Zurich Insured: City of Peekskill
Policy No.: CEO 6102583-01
Policy Period: 12/31/89 through 12/31/90
Zurich Claim No. 9420060274

Dear Mr. Pudell:

We write in response to your February 14, 2012 correspondence regarding ongoing settlement discussions between your client, the City of Peekskill ("the City"), and Jeffrey Deskovic and Linda McGarr, plaintiffs in the above-referenced actions.

You advised that Westport has "made available to the City of Peekskill the full limits of North River's 1989-1990 policy", but that "[t]he other insurance companies in this case have all denied coverage." Presumably, the other insurance companies to which you refer are those insurers that the City has named defendants in the third-party claims brought by the City in the Underlying Actions. These insurers issued policies in years other than 1989-1990, and the City contends in the declaratory judgment actions that these policies provide coverage for the claims. Your letter states that these defendant insurance companies "have taken the position – which the City of Peekskill disputes and is contrary to New York law – that the ONLY policy period that is triggered is the 1989-1990 period in which Zurich sold insurance coverage to the City of Peekskill."

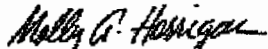
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Zurich agrees with the City that, under New York law, multiple policy periods are potentially implicated by the allegations in the Underlying Actions. Accordingly, Zurich's policy is not potentially implicated until all primary insurance for all potentially implicated years is exhausted. As it is clear from your letter that this is not the case, for this reason and the reasons set forth in my email of January 12, 2012, Zurich declines the City's invitation to participate in settlement discussions.

If you have any questions, please do not hesitate to contact me.

Very truly yours,
American Zurich Insurance Company



Molly A. Horrigan
CLAIM CASE MANAGER
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